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16 AUG 1963

**MEMORANDUM FOR:** Deputy Director (Science & Technology)

**SUBJECT :** FY 1964 Funding Arrangements for Program "B"

<b>REFERENCES :</b>	TAB-A,	[ ]	NRO Agreement	25X1
	TAB-B,	[ ]	NRO Program Funding	
	TAB-C,	[ ]	Request from NRO for	
		[ ]	FY 1964 Financial Plan	
	TAB-D,	[ ]	FY 1964 Budget Submission	25X1
		[ ]	for Program "B"	
	TAB-E,	[ ]	NRO Recommended Program	25X1
TAB-F,	[ ]	Record of Meeting with		
	[ ]	NRO Comptroller		
TAB-G,	[ ]	Summary of Program "B"	25X1	
	[ ]	Funding		

1. During the early stages of Fiscal Year 1963 it was determined by CIA and NRO officials that a firm operating agreement should be reached concerning the Programs being administered by CIA on behalf of the NRO. On 13 March 1963 an agreement between the Secretary of Defense and the Director of CIA on "Management of the National Reconnaissance Program" was signed by Mr. John A. McCone, Director of Central Intelligence and Mr. Roswell Gilpatric, Deputy Secretary of Defense. (TAB-A)

2. Subsequent to the above mentioned agreement, an implementing instrument entitled "National Reconnaissance Office Program Funding" was executed and signed by Mr. McCone on 5 April 1963 and by Mr. Gilpatric on 4 April 1963. These agreements, and especially the latter, were felt to be clear understandings and workable arrangements concerning the funding of Projects under Program "B". (TAB-B)

3. On 23 May 1963 a memorandum from the Director, NRO to the Director, Program "B" requested that the FY 1964 Financial Plan be developed and presented to the NRO Comptroller. This memorandum advised that after analysis of this Financial Plan by the NRO Comptroller, it would be the subject of a meeting between representatives of the DNRO and of the Office of the Director, Program "B". (TAB-C)

NRO review(s) completed.

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4. The FY 1964 Financial Plan as requested was submitted to the Director, NRO on 14 June 1963 and, in a meeting of NRO and CIA officials on 20 June 1963, the plan was discussed. The DDCI and the DNRO headed their respective delegations at this meeting. No firm decisions were made at this meeting, however, the DNRO indicated that certain cuts in the Program "B" submission would be necessary due to overall NRO fund limitations. It was agreed that further discussions would be held prior to final approval of the Director Program "B" fund requirements. (TAB D)

5. As a result of this meeting, the Director, NRO submitted an informal document to the Director, Program "B" outlining his recommended Funding Program as compared to the Funding Program submitted by the Director, Program "B". (TAB-E)

6. Based upon our understanding of paragraphs 4 and 5 of the implementing instrument mentioned in paragraph 2 above, i.e., CIA would request funds at the beginning of the Fiscal Year in the precise amount approved by the DNRO for each project, an inquiry was made to the NRO Comptroller as to the approved amounts to be requested. CIA was advised by the NRO Comptroller that due to the allocation limitation placed upon him, he would be unable to make full-year funding and that CIA should submit requests for first-quarter funding only. Requests for first-quarter funds were submitted to the NRO Comptroller, however, he then advised CIA that he could make funds available only for the month of July 1963. Estimates for July 1963 requirements were compiled and requests for payment were submitted to the NRO Comptroller and payment was made of the amounts requested.

7. CIA officials met with the NRO Comptroller on 22 July 1963 to discuss further the fund requirements for FY 1964, and in particular, requirements for the first quarter of FY 1964. Agreement was reached on first-quarter fund requirements, requests for payment were submitted and payment has been received.

8. The NRO Comptroller has advised CIA that all funding will be made on a quarterly basis subject to a quarterly review of programs and fund requirements and that it was never

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the intent of NRO to fund on an annual basis. The NRO Comptroller met with CIA officials again on 8 August 1963 to discuss the matter of annual vs quarterly funding. A record of this meeting is documented in [redacted] (TAB-F)

9. TAB-G attached reflects a summary of the FY 1964 Funding as follows:

a. Original FY 1964 estimates submitted in the Fall of 1962 as the Congressional Budget.

b. The Director, Program "B" submission of 14 June 1963 reflecting revised estimates for FY 1964.

c. The DNRO Tentative Program, and

d. DNRO cuts in the Program "B" Submission.

e. Funds received to date which represents first-quarter funding.

10. The Director, Program "B" submission asked for [redacted] to cover those projects for which CIA has management responsibility. This amount was reduced by [redacted] by the DNRO as reflected in column 4 of TAB-G.

h (signed) [redacted]

JACK C. LEDFORD  
Colonel USAF  
Assistant Director  
(Special Activities)

Attachments: a/s

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